

**REPORT OF THE AUDIT OF THE
FORMER CUMBERLAND COUNTY
CLERK**

**For The Year Ended
December 31, 2006**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**105 SEA HERO ROAD, SUITE 2
FRANKFORT, KY 40601-5404
TELEPHONE (502) 573-0050
FACSIMILE (502) 573-0067**

EXECUTIVE SUMMARY

**AUDIT EXAMINATION OF THE
FORMER CUMBERLAND COUNTY CLERK**

**For The Year Ended
December 31, 2006**

The Auditor of Public Accounts was engaged to complete the audit of the former Cumberland County Clerk for the year ended December 31, 2006. As a result of this engagement, we have issued a disclaimer of opinion on the financial activity of the former County Clerk.

Report Comments:

- 2006-01 The Former County Clerk Had A Deficit Of \$45,154 In Her Official Bank Account As Of December 31, 2006
- 2006-02 The Former County Clerk Should Have Deposited Receipts Of \$10,068 Into Her Official Bank Account
- 2006-03 The Former County Clerk Should Not Have Incurred \$750 In Bank Charges For Checks Returned On Her Official Bank Account
- 2006-04 The Former County Clerk Should Reimburse Her Official Fee Account \$14,327 For Operating Disbursements That Lacked Supporting Documentation
- 2006-05 State Payments In The Amount Of \$90,372 Lacked Proper Supporting Documentation
- 2006-06 The Former County Clerk Should Remit \$2,651 In Payroll Withholdings
- 2006-07 The Former County Clerk Should Have Maintained Timesheets For Her Employees
- 2006-08 The Former County Clerk Owes \$1,742 To The 2007 Fee Account For Expenses Incurred And Paid On Her Behalf
- 2006-09 The Former County Clerk Should Remit Deed Transfer Tax Of \$11,595 To The County
- 2006-10 The Former County Clerk Paid Herself \$3,600 In Expense Allowance When Funds Were Not Paid For Other Statutory Obligations
- 2006-11 The Former County Clerk Owes The State \$2,076 In Interest And Penalties
- 2006-12 The Former County Clerk Should Have Properly Accounted For Receivables
- 2006-13 The Former County Clerk Should Have Presented An Annual Settlement To Fiscal Court By March 15th
- 2006-14 The Former County Clerk Should Have Prepared And Submitted Quarterly Financial Reports To The Kentucky Governor's Office For Local Development
- 2006-15 The Former County Clerk Should Have Prepared Franchise Tax Bills For All Assessment Certifications
- 2006-16 The Former County Clerk Should Have Issued Pre-numbered Receipts On All Revenues Received
- 2006-17 The Former County Clerk's Office Lacked Adequate Segregation Of Duties

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
SUMMARY OF DAILY CHECK OUT SHEETS AND RECAP OF CANCELLED CHECKS	3
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	9
COMMENTS AND RECOMMENDATIONS	13



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Tim Hicks, Cumberland County Judge/Executive
The Honorable Lynn Groce, Former Cumberland County Clerk
The Honorable Kim King, Cumberland County Clerk
Members of the Cumberland County Fiscal Court

Independent Auditor's Report

We were engaged to audit the revenues and expenditures of the former County Clerk of Cumberland County, Kentucky, for the year ended December 31, 2006. This financial activity is the responsibility of the former County Clerk.

The former Cumberland County Clerk did not prepare an annual financial statement or the quarterly financial reports required by the Governor's Office for Local Development. In addition, we requested the accounting records numerous times and were not provided access to all of the records of the former Cumberland County Clerk needed for completion of the audit. From the records that were available to auditors, we determined that there was a deficit that resulted from undeposited receipts, disallowed and undocumented expenditures, and deed transfer tax collected but not remitted to the fiscal court. In addition, the former Cumberland County Clerk did not provide a management representation letter to auditors. As a result of the former Cumberland County Clerk not preparing the annual or quarterly financial statements, we compiled an accompanying summary of the former county clerk's daily checkout sheets and a recap of the former county clerk's cancelled checks. This is not intended to be a financial report of the former Cumberland County Clerk presented fairly in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This information is presented as a summary of the former county clerk's records that were available to auditors.

Since the former Cumberland County Clerk did not prepare an annual or quarterly financial statements, did not provide auditors access to all accounting records, did not provide a management representation letter, and had a deficit in her account, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the summary of daily checkout sheets and recap of cancelled checks presented herein.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2006-01 The Former County Clerk Had A Deficit Of \$45,154 In Her Official Bank Account As Of December 31, 2006
- 2006-02 The Former County Clerk Should Have Deposited Receipts Of \$10,068 Into Her Official Bank Account
- 2006-03 The Former County Clerk Should Not Have Incurred \$750 In Bank Charges For Checks Returned On Her Official Bank Account
- 2006-04 The Former County Clerk Should Reimburse Her Official Fee Account \$14,327 For Operating Disbursements That Lacked Supporting Documentation



The Honorable Tim Hicks, Cumberland County Judge/Executive
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Members of the Cumberland County Fiscal Court

- 2006-05 State Payments In The Amount Of \$90,372 Lacked Proper Supporting Documentation
- 2006-06 The Former County Clerk Should Remit \$2,651 In Payroll Withholdings
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- 2006-14 The Former County Clerk Should Have Prepared And Submitted Quarterly Financial Reports To The Kentucky Governor's Office For Local Development
- 2006-15 The Former County Clerk Should Have Prepared Franchise Tax Bills For All Assessment Certifications
- 2006-16 The Former County Clerk Should Have Issued Pre-numbered Receipts On All Revenues Received
- 2006-17 The Former County Clerk's Office Lacked Adequate Segregation Of Duties

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2008, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Cumberland County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

February 26, 2008

CUMBERLAND COUNTY
LYNN GROCE, FORMER COUNTY CLERK
SUMMARY OF DAILY CHECK OUT SHEETS AND RECAP OF CANCELLED CHECKS

For The Year Ended December 31, 2006

Motor Vehicle Licenses	\$ 180,308
Usage Tax	297,211
Fish and Game Licenses	4,519
Marriage Licenses	2,277
Deeds and Easements	9,589
Power of Attorney	471
Real Estate Mortgages	9,128
Chattel Mortgages and Financing Statements	23,236
Leases	827
Deed Transfer Tax	27,877
Releases	525
Affidavits of Descent	184
Articles of Incorporation	124
Estate Settlements	326
Mechanics Liens	2,982
Delinquent Tax	85,009
Notary Bonds	354
Deeds of Release	4,175
Ad Valorem Tax	466,546
Lien Release Fees	2,185
Miscellaneous Fees	1,964
Fiscal Court	7,250
Filing Fees	1,010
State Fees	105
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Total	1,128,182
Less Accounts Charged	74,909
Accounts Paid	66,775
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Total Deposits Per Daily Check Out Sheets	1,120,047
County Clerk Salary	64,388
County Clerk Expense Allowance	3,600
County Clerk Training Incentive	3,302

The accompanying notes are an integral part of this financial statement.

CUMBERLAND COUNTY
LYNN GROCE, FORMER COUNTY CLERK
SUMMARY OF DAILY CHECKOUT SHEETS AND RECAP OF CANCELLED CHECKS
For The Year Ended December 31, 2006
(Continued)

Payments To State:

Motor Vehicle-	
Licenses and Transfers	141,944
Usage Tax	288,295
Tangible Personal Property Tax	166,445
Licenses-	
Fish and Game	4,333
Delinquent Tax	15,906
Legal Process Tax	6,897
Miscellaneous	20
Housing Fund	1,404

Payments To County:

Tangible Personal Property Tax	31,643
Delinquent Tax	6,088
Deed Transfer Tax	14,888

Payments To Other Districts:

Tangible Personal Property Tax	249,850
Delinquent Tax	42,370

Payments to Sheriff	469
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Payments to County Attorney	12,885
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Operating Disbursements:

Deputies Salaries	57,318
Advertising	576
Printing and Binding	1,597
Copier Maintenance	1,800
Office Supplies	3,181
Conventions and Travel	353
Utilities	3,230
Postage	3,239
Notary Fees	10
Bank Fees	750
Refunds	249
LTD Catalog Order	92

Total Disbursements Per Bank Statements	<u>\$ 1,127,122</u>
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Tim Hicks, Cumberland County Judge/Executive
The Honorable Lynn Groce, Former Cumberland County Clerk
The Honorable Kim King, Cumberland County Clerk
Members of the Cumberland County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We were engaged to audit the revenues and expenditures of the former Cumberland County Clerk for the year ended December 31, 2006, and have issued our report thereon dated February 26, 2008, wherein we disclaimed an opinion on financial activity because the former Cumberland County Clerk did not prepare an annual or quarterly financial statements, did not provide auditors access to all accounting records, did not provide a management representation letter, and had a deficit in her account.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Cumberland County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial activity, but not for the purpose of expressing an opinion on the effectiveness of the former Cumberland County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the former Cumberland County Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying comments and recommendations to be a significant deficiency in internal control over financial reporting: 2006-17.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the former Cumberland County Clerk's financial activity for the year ended December 31, 2006, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations: 2006-01, 2006-02, 2006-03, 2006-04, 2006-05, 2006-06, 2006-07, 2006-08, 2006-09, 2006-10, 2006-11, 2006-12, 2006-13, 2006-14, 2006-15, and 2006-16.

This report is intended solely for the information and use of management, the former Cumberland County Fiscal Court, and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

February 26, 2008

COMMENTS AND RECOMMENDATIONS

CUMBERLAND COUNTY
LYNN GROCE, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2006

STATE LAWS AND REGULATIONS:

2006-01 The Former County Clerk Had A Deficit Of \$45,154 In Her Official Bank Account As Of December 31, 2006

The former County Clerk is responsible for a deficit of \$45,154 in her official bank account as of December 31, 2006. The deficit resulted from the following:

Bank Balance As of September 28, 2007	\$	1,655	
Less Undeposited Receipts:			
Receipts Undeposited By Clerk	\$	7,355	
Uncollected Accounts Receivable		2,305	
Uncollected Returned Checks		408	
Total Undeposited Receipts			10,068
Less Unsupported Expenditures:			
Advertising		576	
Printing and Binding		1,597	
Copier Maintenance		1,800	
Office Supplies		3,181	
Conventions and Travel		353	
Utilities		3,230	
Postage		3,239	
Miscellaneous		10	
Refunds		249	
LTD Catalog Order		92	
Total Unsupported Expenditures			14,327
Less Disallowed Bank Charges			750
Less Excess Expenditures Over Revenues:			
Clerk's Expense Allowance		3,600	
(only allowable if revenues are available)			
Payroll Withholdings Due County		2,651	
Due 2007 Fee Account		1,742	
Deed Transfer Tax Due County		11,595	
Interest and Penalties Due State		2,076	
Total Excess Expenditures Over Revenues			21,664
Total Deficit As of December 31, 2006	\$		<u>(45,154)</u>

Former County Clerk's Response: No response.

CUMBERLAND COUNTY
LYNN GROCE, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2006
(Continued)

STATE LAWS AND REGULATIONS: (CONTINUED)

2006-02 The Former County Clerk Should Have Deposited Receipts Of \$10,068 Into Her Official Bank Account

The former County Clerk had total undeposited receipts of \$10,068 in her official bank account as of December 31, 2006. Of this total, the former County Clerk personally withheld \$7,535 from the daily deposits and repaid \$180, leaving a balance of \$7,355. Also, unpaid accounts receivable and uncollected returned checks totaled \$2,305 and \$408, respectively, for a total of undeposited receipts of \$10,068. This was based upon our review of daily checkout sheets that included notations at the bottom with amounts and the County Clerk's initials or a difference between the deposit total on the daily checkout sheet and the actual bank deposit. This practice was noted during the prior year audit. The former County Clerk has been indicted for violations of KRS 522.050, Abuse of Public Trust. We recommend the former County Clerk reimburse the 2006 official fee account \$10,068 for undeposited receipts.

Former County Clerk's Response: No response.

2006-03 The Former County Clerk Should Not Have Incurred \$750 In Bank Charges For Checks Returned On Her Official Bank Account

The former County Clerk disbursed checks on her 2006 fee account when funds were not sufficient to cover them. Total bank charges of \$750 were deducted from the official bank account during 2006. In Funk vs. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal expenses. Therefore, these charges are disallowed and the former County Clerk should reimburse the 2006 fee account \$750.

Former County Clerk's Response: No response.

2006-04 The Former County Clerk Should Reimburse Her Official Fee Account \$14,327 For Operating Disbursements That Lacked Supporting Documentation

The auditors requested but did not receive access to supporting documentation for operating disbursements as of December 31, 2006. Based upon recap of cancelled checks, the former County Clerk is responsible for the following operating disbursements:

Advertising	\$	576
Printing and Binding		1,597
Copier Maintenance		1,800
Office Supplies		3,181
Conventions and Travel		353
Utilities		3,230
Postage		3,239
Miscellaneous		10
Refunds		249
LTD Catalog Order		<u>92</u>
Total	\$	<u>14,327</u>

CUMBERLAND COUNTY
 LYNN GROCE, FORMER COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2006
 (Continued)

STATE LAWS AND REGULATIONS: (CONTINUED)

2006-04 The Former County Clerk Should Reimburse Her Official Fee Account \$14,327 For Operating Disbursements That Lacked Supporting Documentation (Continued)

In accordance with Funk vs. Milliken, documentation is necessary in order for disbursements to be allowable expenditures. Expenditures not supported are subject to be repaid to the fee account from the official's personal funds. The former County Clerk should personally reimburse \$14,327 to the 2006 official fee account.

Former County Clerk's Response: No response.

2006-05 State Payments In The Amount Of \$90,372 Lacked Proper Supporting Documentation

The auditors requested but did not receive access to supporting documentation for all state payments as of December 31, 2006. Based upon recap of cancelled checks, no documentation for the following state payments was found:

Fish and Game	\$ 4,333
Delinquent Tax	77,718
Legal Process Tax	6,897
Miscellaneous	20
Housing Fund	<u>1,404</u>
Total	<u>\$ 90,372</u>

The former County Clerk should have maintained supporting documentation for all payments.

Former County Clerk's Response: No response.

2006-06 The Former County Clerk Should Remit \$2,651 In Payroll Withholdings

The fiscal court prepares the individual earning records for the County Clerk's office and reports wages and withholdings to the responsible authorities. The former County Clerk was required to remit employee withholdings to the fiscal court per pay period. The former County Clerk did not pay employee withholdings to the fiscal court for the last pay period in December 2006. The former County Clerk owes \$2,651 for employee payroll withholdings for the pay period ending December 31, 2006.

Former County Clerk's Response: No response.

CUMBERLAND COUNTY
LYNN GROCE, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2006
(Continued)

STATE LAWS AND REGULATIONS: (CONTINUED)

2006-07 The Former County Clerk Should Have Maintained Timesheets For Her Employees

KRS 337.320(1) states in part, “every employer shall keep a record of: (a) the amount paid each pay period to each employee; (b) the hours worked each day and each week by each employee . . .” The former County Clerk did not comply with this statute. During test of payroll, we observed no timesheets. The former Clerk should have complied with KRS 337.320(1).

Former County Clerk’s Response: No response.

2006-08 The Former County Clerk Owes \$1,742 To The 2007 Fee Account For Expenses Incurred And Paid On Her Behalf

Subsequent to our audit period we found several invoices totaling \$1,742 paid by the current County Clerk in order to maintain services. These invoices were for goods or services incurred during 2006 and should have been paid out of the 2006 official fee account. We recommend the former County Clerk reimburse the 2007 Fee Account \$1,742 for these payments.

Former County Clerk’s Response: No response.

2006-09 The Former County Clerk Should Remit Deed Transfer Tax of \$11,595 To The County

The former County Clerk did not properly submit deed transfer tax payments to the fiscal court. Total deed transfer tax due the county for 2006 was \$26,483. The former County Clerk made two payments to fiscal court totaling \$14,888. The remaining of \$11,595 is due to fiscal court from the 2006 fee account.

Former County Clerk’s Response: No response.

2006-10 The Former County Clerk Paid Herself \$3,600 in Expense Allowance When Funds Were Not Paid For Other Statutory Obligations

The former County Clerk received \$3,600 for her expense allowance for 2006; however, amounts due the county for deed transfer tax and other obligations were not paid. KRS 64.017(2) states “if the amount of fees collected will not fund the full amount of the annual expense allowance, then the county clerk shall receive the excess of such fees after all other lawful expenses and salaries have been paid.” At the end of 2006 the former County Clerk had unpaid deed transfer tax and other expenses. We recommend the former County Clerk reimburse the 2006 official fee account the \$3600 she paid herself in expense allowance.

Former County Clerk’s Response: No response.

CUMBERLAND COUNTY
LYNN GROCE, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2006
(Continued)

STATE LAWS AND REGULATIONS: (CONTINUED)

2006-11 The Former County Clerk Owes The State \$2,076 In Interest And Penalties

The former County Clerk incurred interest and penalties for failure to deposit usage tax collections or file weekly reports timely. KRS 138.464 (4) states, "Failure to deposit or, if required, transfer collections as required above shall subject the clerk to a penalty of two and one-half percent (2.5%) of the amount not deposited or, if required, not transferred for each day until the collections are deposited or transferred as required above." As of July 17, 2007, the former County Clerk owed the Department of Revenue \$2,076 in interest and penalties.

Former County Clerk's Response: No response.

2006-12 The Former County Clerk Should Have Properly Accounted For Receivables

The former County Clerk allowed customers to charge for services rendered by the County Clerk's office. The former County Clerk did not maintain detailed supporting documentation to provide an accurate accounting for receivables at year-end. As a result, Auditors reviewed each daily checkout sheet for 2006 and documented all receivables and amounts paid on account. A total of \$67,801 was charged during 2006 with \$2,305 being uncollected at year-end. Any outstanding receivables at year-end are the personal responsibility of the County Clerk and will be included as undeposited receipts for 2006.

Former County Clerk's Response: No response.

2006-13 The Former County Clerk Should Have Presented An Annual Settlement To Fiscal Court by March 15th

The former County Clerk did not present an annual settlement to fiscal court for 2006. KRS 64.152 requires that the County Clerk provide a statement of receipts and expenditures of the preceding year, and to settle excess fees with the fiscal court by March 15th each year. The former County Clerk should have complied with this statute by preparing and presenting an annual settlement to fiscal court within the proper time period.

Former County Clerk's Response: No response.

2006-14 The Former County Clerk Should Have Prepared And Submitted Quarterly Financial Reports To Kentucky Governor's Office For Local Development

The Kentucky Governor's Office For Local Development (GOLD) Instructional Guide For County Budget Preparation and State Local Finance Officer Policy Manual requires all County Clerks to prepare quarterly financial reports and submit the reports "by the 30th day following the close of each quarter" to GOLD, Office of the Governor, Commonwealth of Kentucky. The former County Clerk did not prepare or submit any quarterly financial reports to GOLD for 2006. The former County Clerk should have complied with GOLD requirements and prepared and submitted quarterly financial reports.

Former County Clerk's Response: No response.

CUMBERLAND COUNTY
LYNN GROCE, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2006
(Continued)

STATE LAWS AND REGULATIONS: (CONTINUED)

2006-15 The Former County Clerk Should Have Prepared Franchise Tax Bills For All Assessment Certifications

While completing the Sheriff's tax settlement audit, we noted several franchise assessment certifications had not been collected. Based on confirmations completed, it was determined that the former County Clerk did not prepare franchise tax bills for all assessment certifications received from the Division of State Valuation within the Department of Revenue. Per the County Clerk's Office Manual prepared by the State Office of Property Valuation, it is the County Clerk's responsibility to prepare franchise property tax bills as soon as possible after receiving the assessment certification. The former County Clerk should have prepared franchise property tax bills for all assessment certifications received from the Department of Revenue.

Former County Clerk's Response: No response.

2006-16 The Former County Clerk Should Have Issued Pre-numbered Receipts On All Revenues Received

During our review of internal controls, we noted the former County Clerk did not issue pre-numbered receipts for all monies received. The former County Clerk did not require receipts to be issued for notary fees collected. Per the daily checkout sheets, there was no evidence that these fees were deposited into the official bank account. The former County Clerk should have issued pre-numbered receipts for all revenues received by her office as required by KRS 64.840.

Former County Clerk's Response: No response.

INTERNAL CONTROL – SIGNIFICANT DEFICIENCY AND MATERIAL WEAKNESS:

2006-17 The Former County Clerk's Office Lacked Adequate Segregation Of Duties

The former County Clerk's office lacked adequate segregation of duties over receipts and disbursements. The former County Clerk prepared the daily checkout sheets, prepared the bank deposits, and deposited the money in the bank. The former County Clerk prepared, signed, and mailed all disbursements. The former County Clerk removed most records from the County Clerk's office after her term. Therefore, there was no evidence of bank reconciliations or general ledgers. Adequate segregation of duties would prevent the same person from having a significant role in the process, recording, and reporting of receipts and disbursements. The former County Clerk should have segregated these duties or delegated them to other employees and implemented steps to strengthen internal controls.

Former County Clerk's Response: No response.

